Greater Manchester
Chamber of Commerce

# GM Quarterly Economic Survey Q1 2022

**29th March 2022**

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Head of Research | GM Chamber

# Quarterly Economic Briefing

Welcome & Introduction — Chris Fletcher, *Director of Marketing & Campaigns*

QES Presentation — Subrahmaniam Krishnan-Harihara, *Head of Research*

Q&A & Discussion

Please use #GMEconomics for tweets

## What is the QES?

- The UK's largest and most reliable business confidence survey, is the first to be published in each quarter and is used by key policy makers to determine economic decision-making

## Does sample size matter?

- Yes. Better the response rate, more accurate the results. The Greater Manchester QES alone has the same sample size as other *national* business surveys.

## How reliable?

- Very. It has accurately predicted the recessions of the 1990s and 2000s and can disprove some early releases of national statistics (the "double-dip" that never was in 2012).

## Does being first matter?

- Yes. It allows us to help you to be ahead of the curve, often months ahead of official data.

## Do policy makers use the QES?

- Lots of them do. It's routinely quoted by HM Treasury, the Bank of England, the European Union, the OECD and the International Monetary Fund. And, if we're getting it right, *you*.

We will cover QES data and GM BEST monitor phase 1

- The Greater Manchester Index™
- Domestic & overseas demand
- Business investment
- Business confidence
- Labour Market
- Recruitment Difficulties & Skills shortages

The Greater Manchester Index™ is a combination of seven key QES measures that best indicate the overall performance of the GM economy:

- Domestic Sales
- Domestic orders
- International sales
- International orders
- Confidence in turnover
- Confidence in profitability
- Capacity utilisation

# Q1 results show overall stabilisation but some indicators have weakened because of Omicron related disruption and inflation

## GM INDEX

**32.3**

Domestic demand shows marginal improvement in all sector groups.

International trade activity shows a quarterly decline

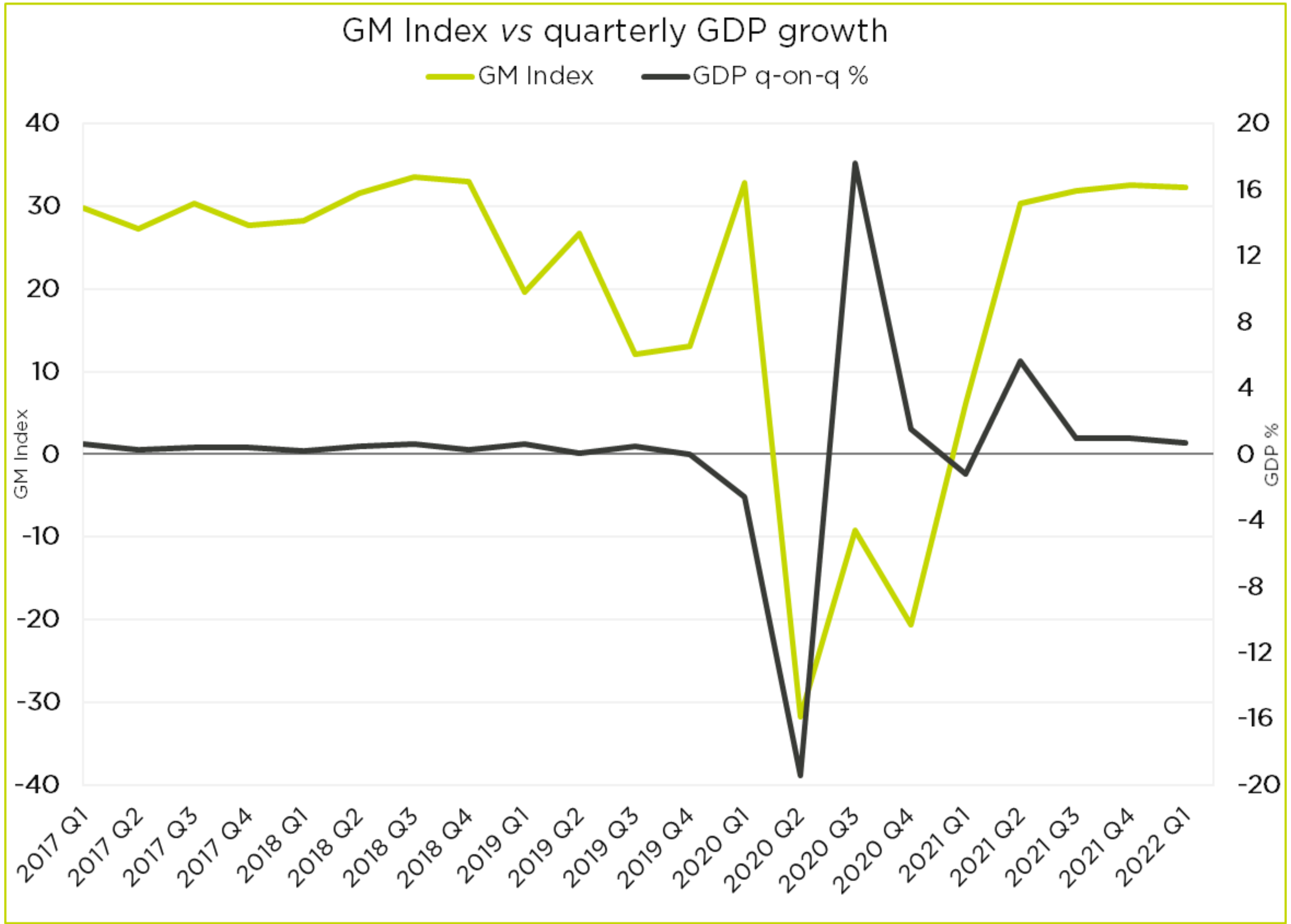
Cash positions weakened further

Employment prospects remain stable; 83% of those recruiting are trying to fill full time vacancies

Recruitment difficulties have eased slightly. Wage inflation remains a concern  in all sectors.

Business investment shows an improvement in the manufacturing sector but remains well below pre-pandemic levels.

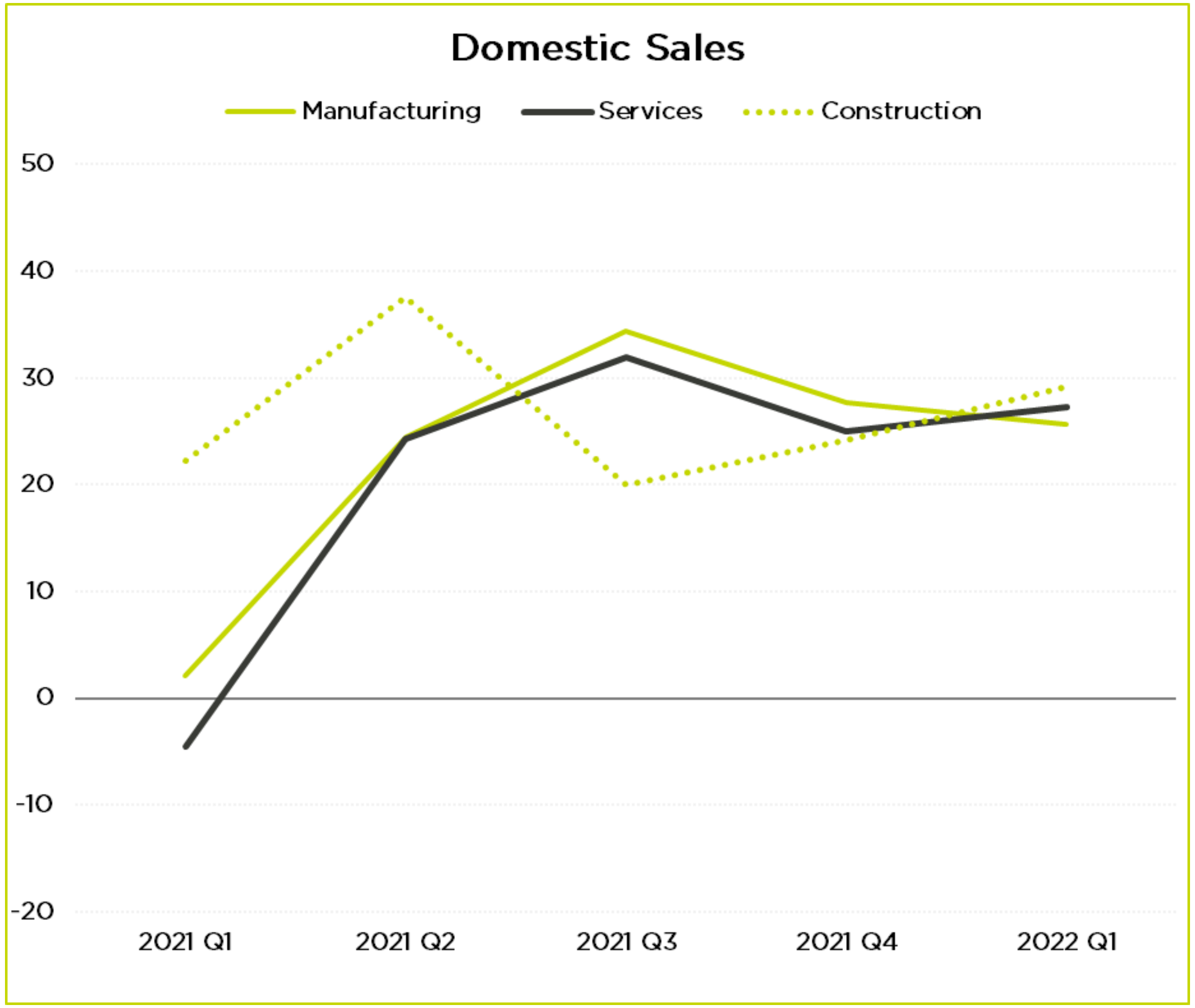
# Where are we now?



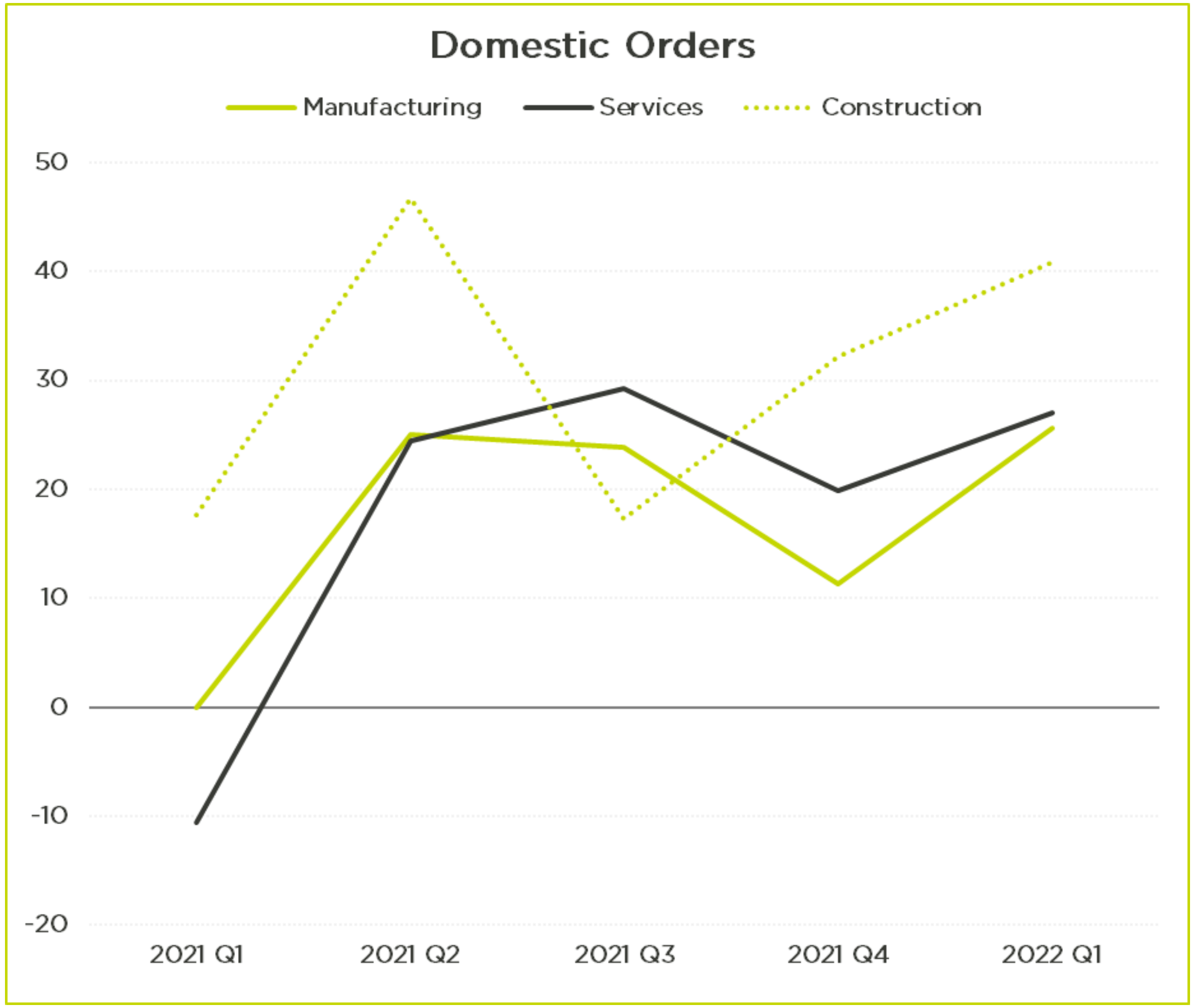

- GM Index™ for Q1 2022: 32.3
- Q4 2021 growth of 1.0% with the largest contributor being health and social care
- 0.7% forecast GDP growth in Q1 2022
- Business investment declined by 0.7% in 2021.
- In Q4 2021:
  - Services output rose by 1.2%
  - Manufacturing was flat
  - Construction grew by 1%
- In Feb 2022, retail sales volumes decreased from January by 0.3% but was 3.7% up relative to pre-pandemic levels

Source: GMCC QES, ONS GDP Quarter on Quarter growth: CVM SA % | Q1 2022 GDP based on forecasts

# QES Domestic Demand - Sectors

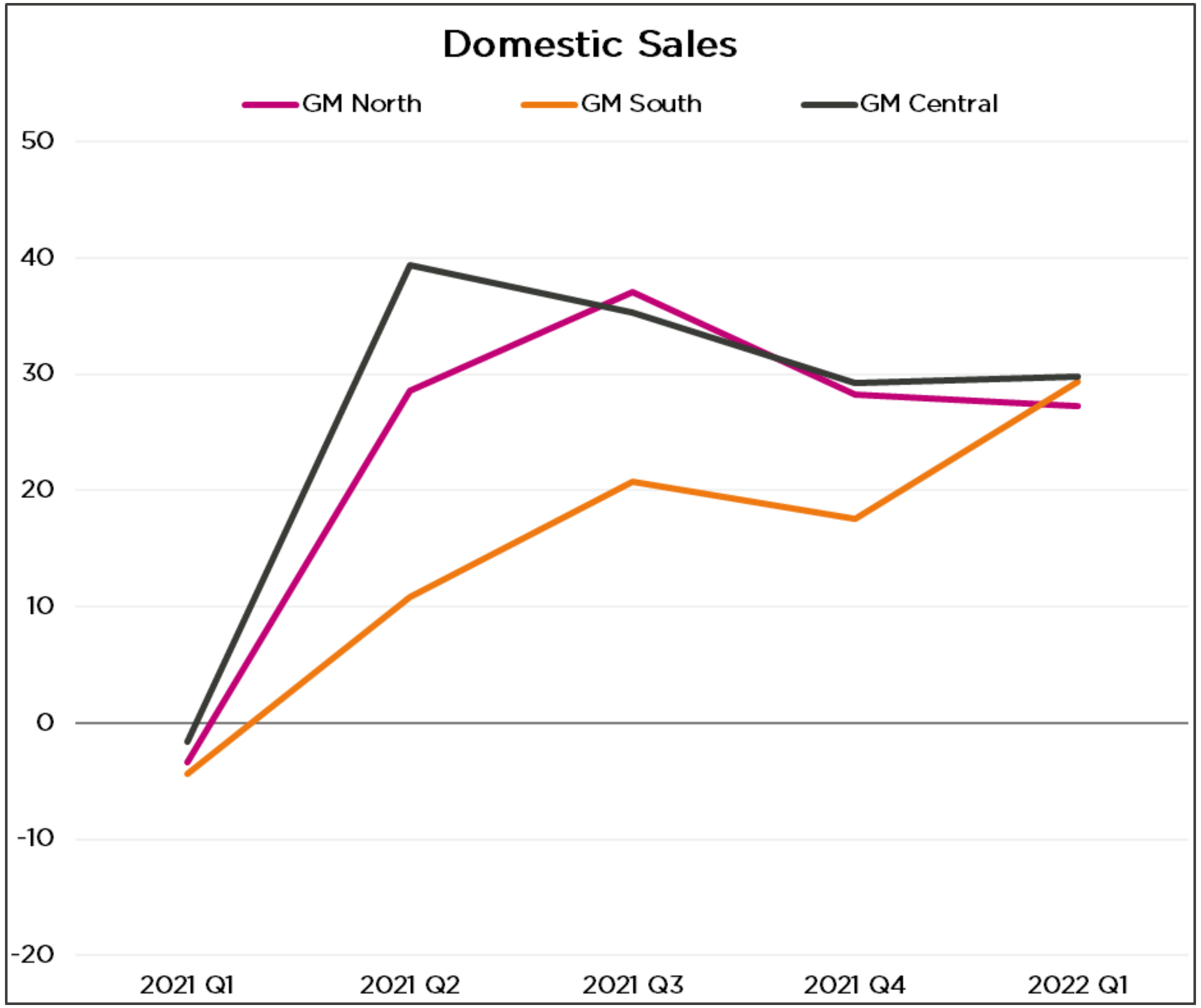



Source: GMCC QES




Source: GMCC QES

# QES Domestic Demand - Regional

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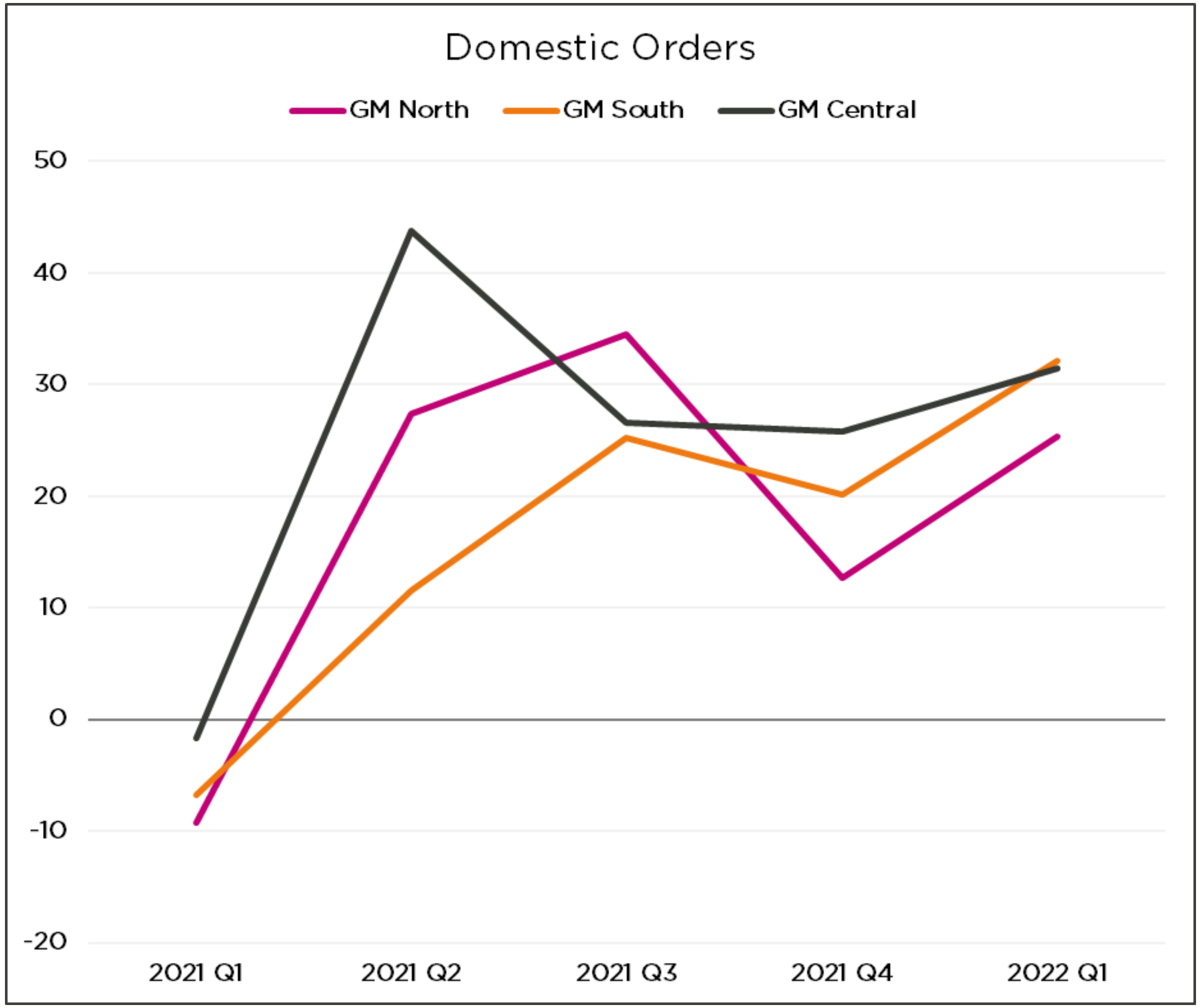
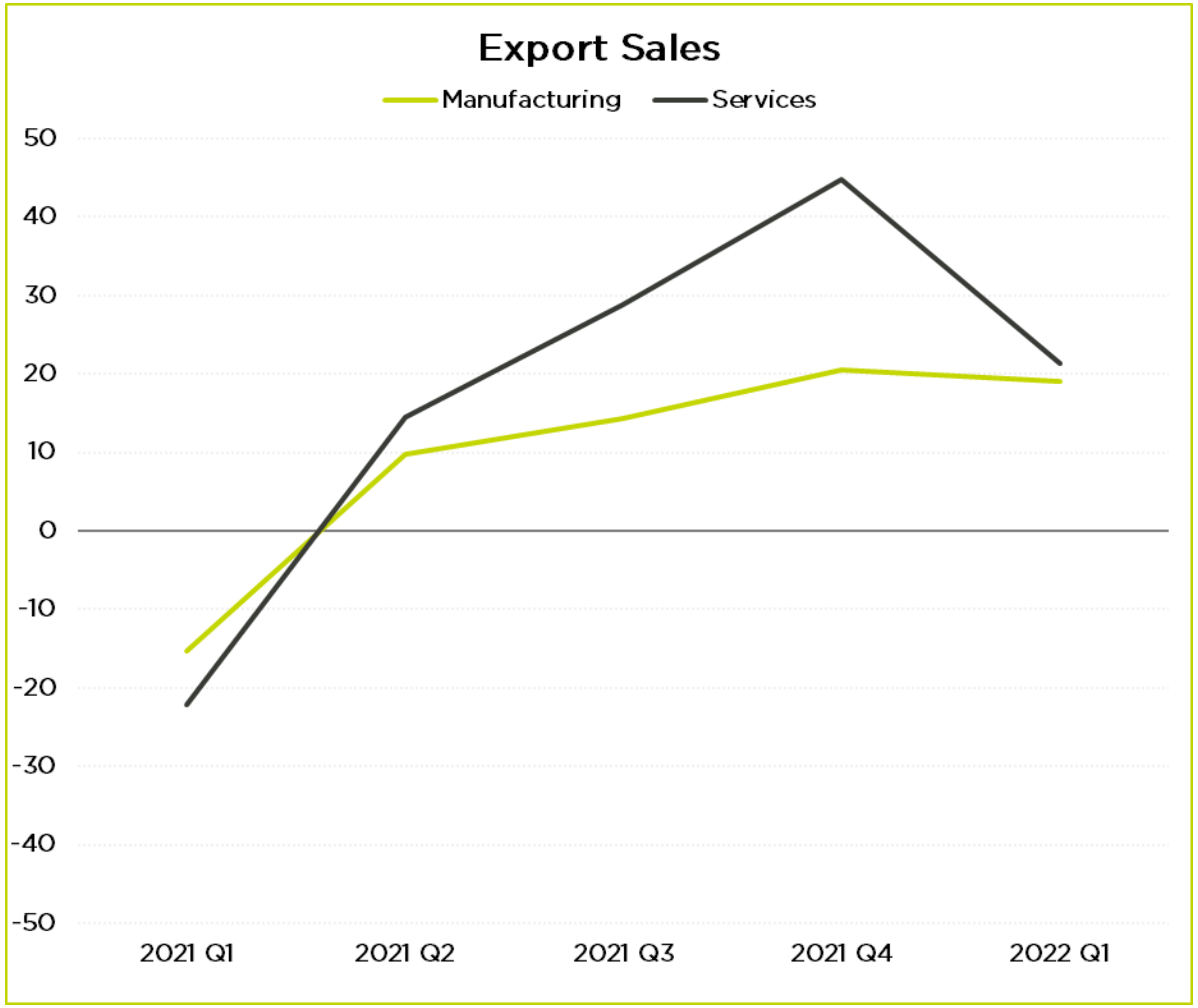
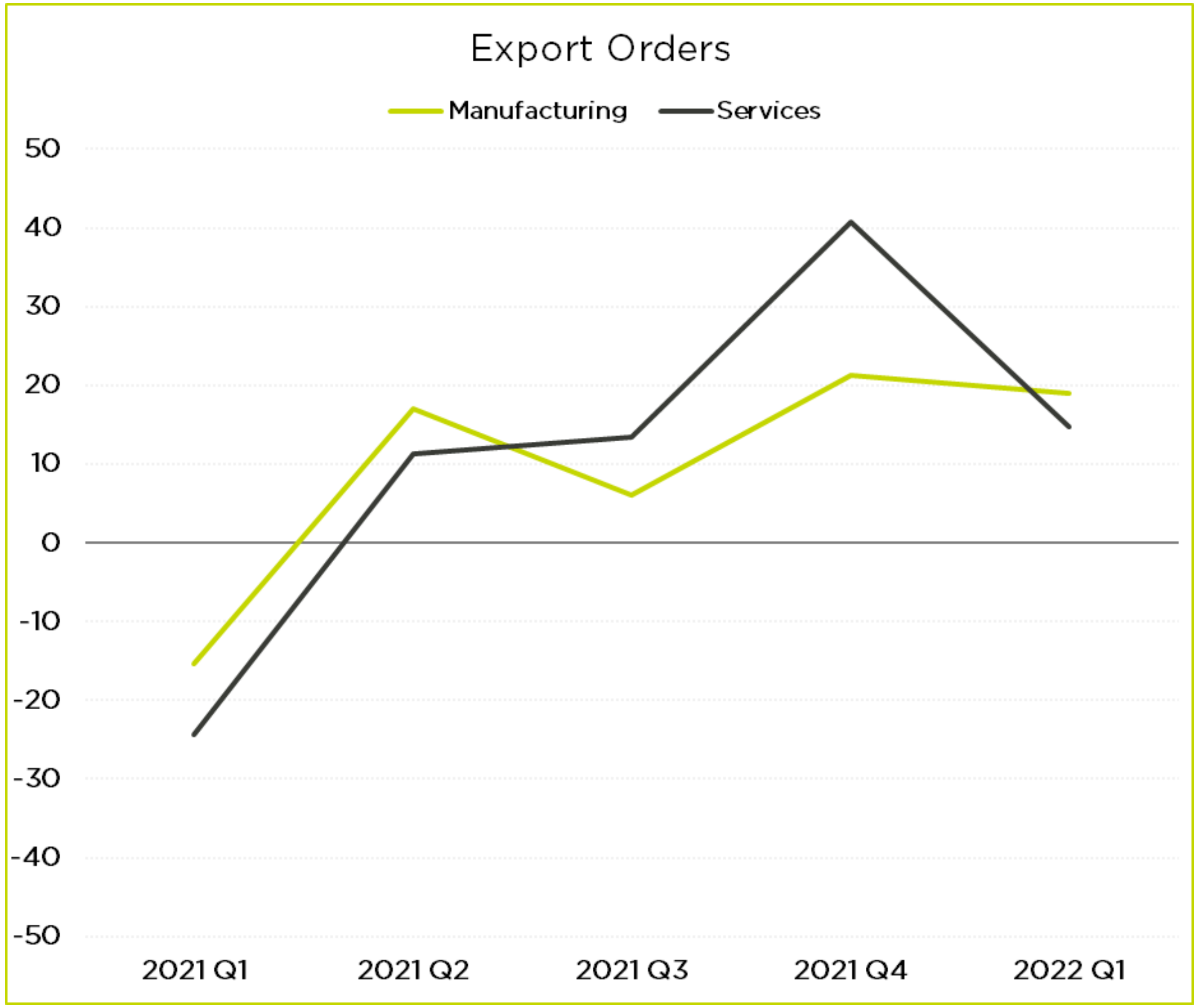



Source: GMCC QES

# QES International Demand

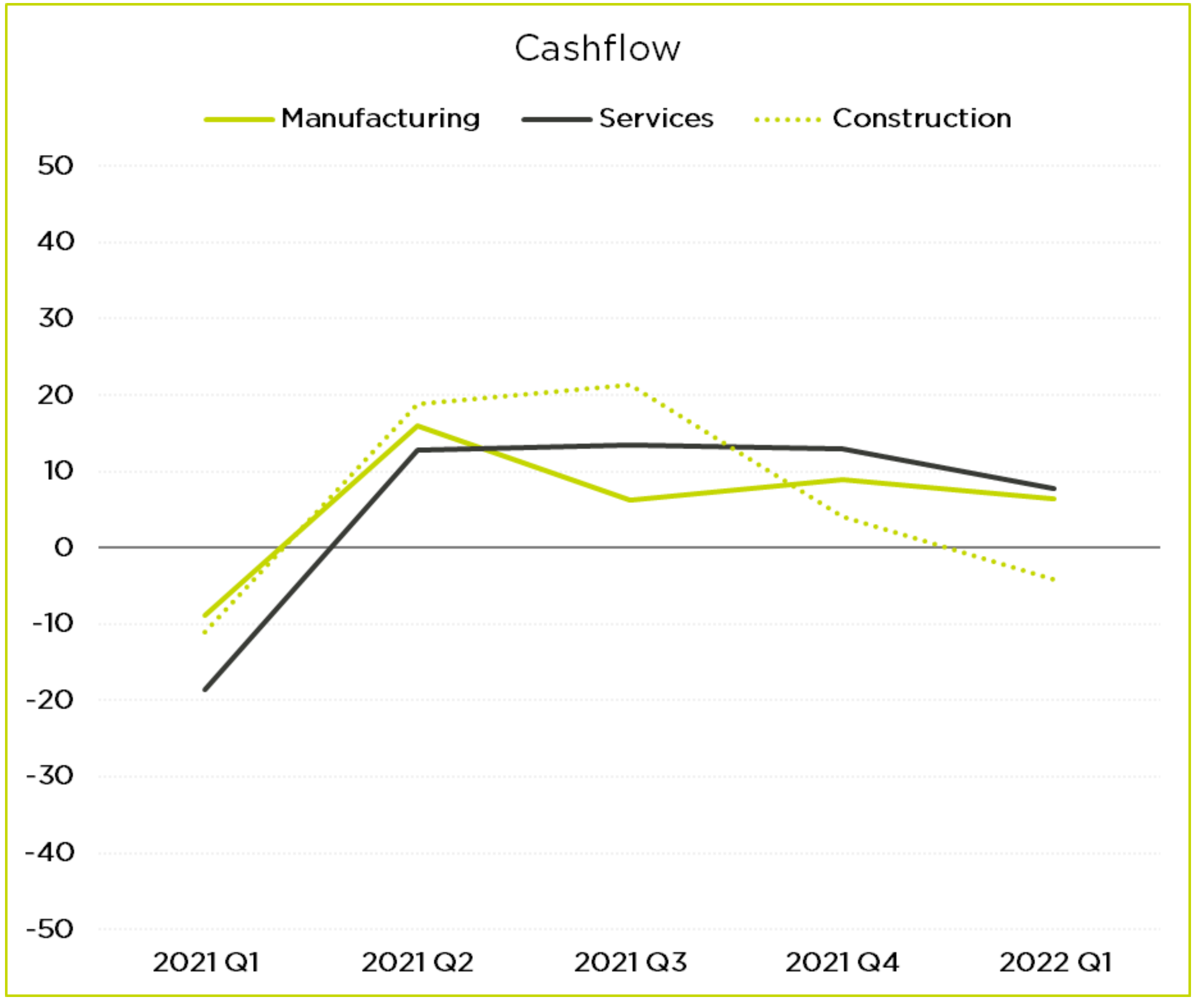



Source: GMCC QES

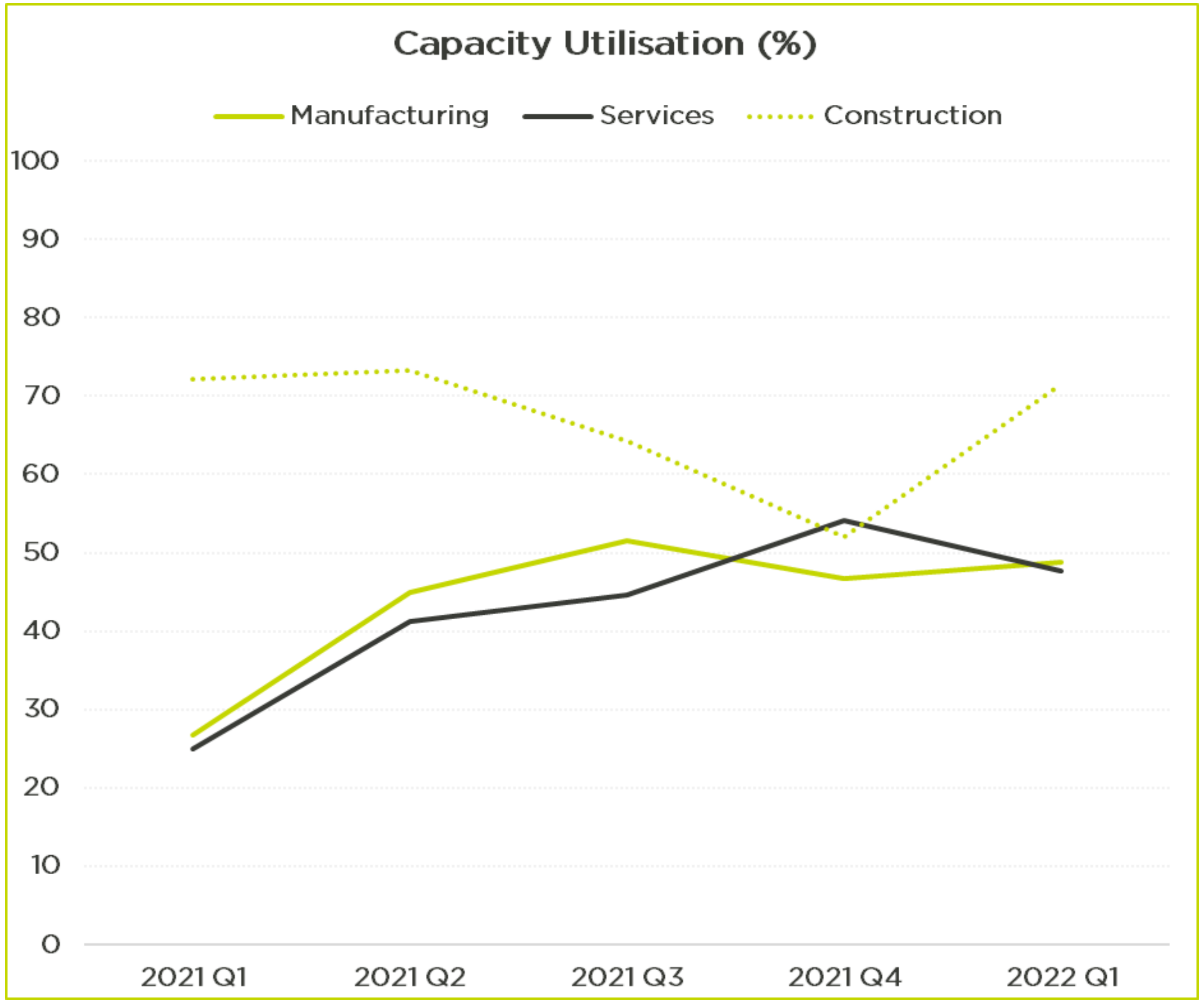



Source: GMCC QES

# QES Cashflow & Capacity Utilisation

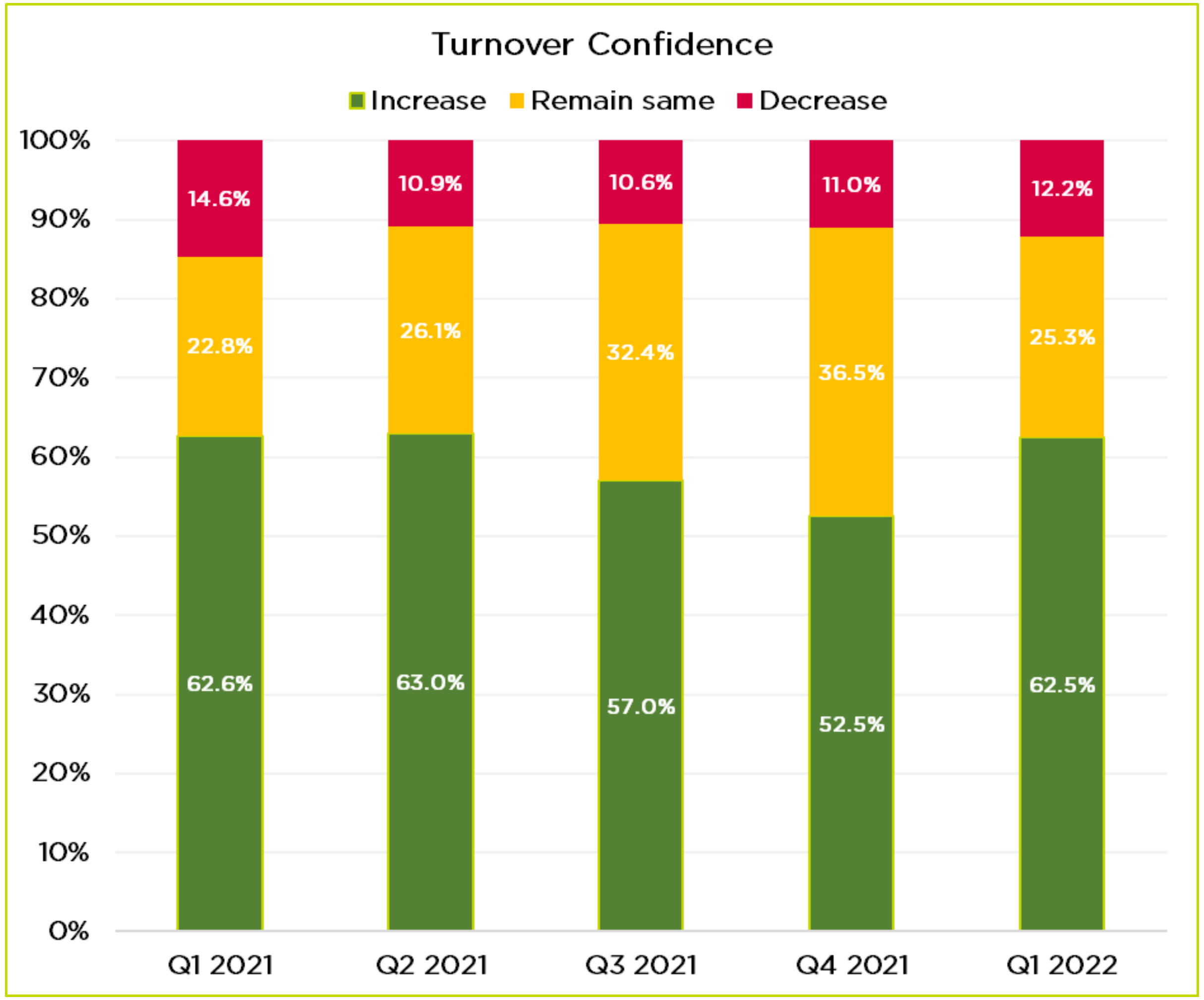



Source: GMCC QES

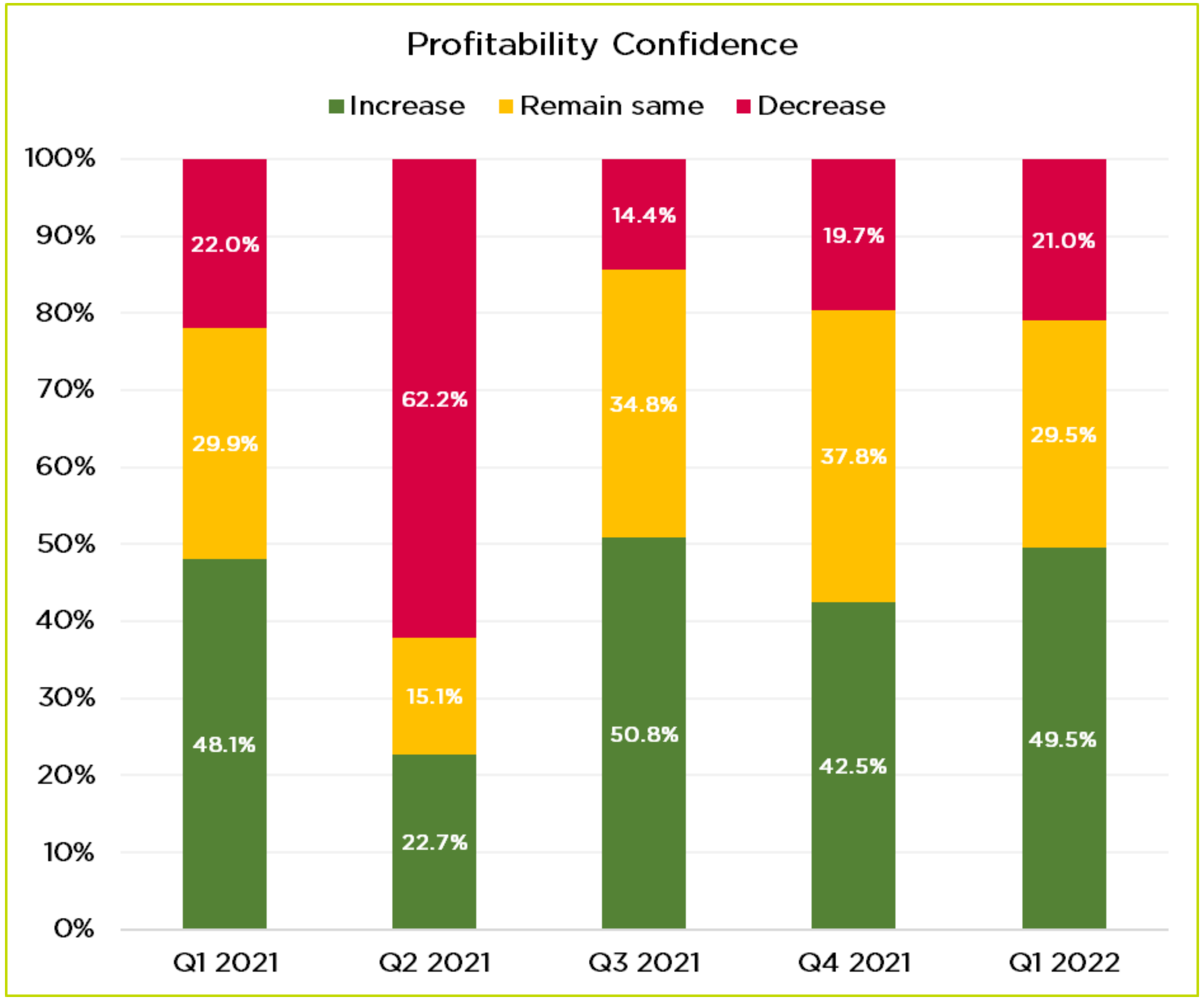



Source: GMCC QES

# Business Confidence

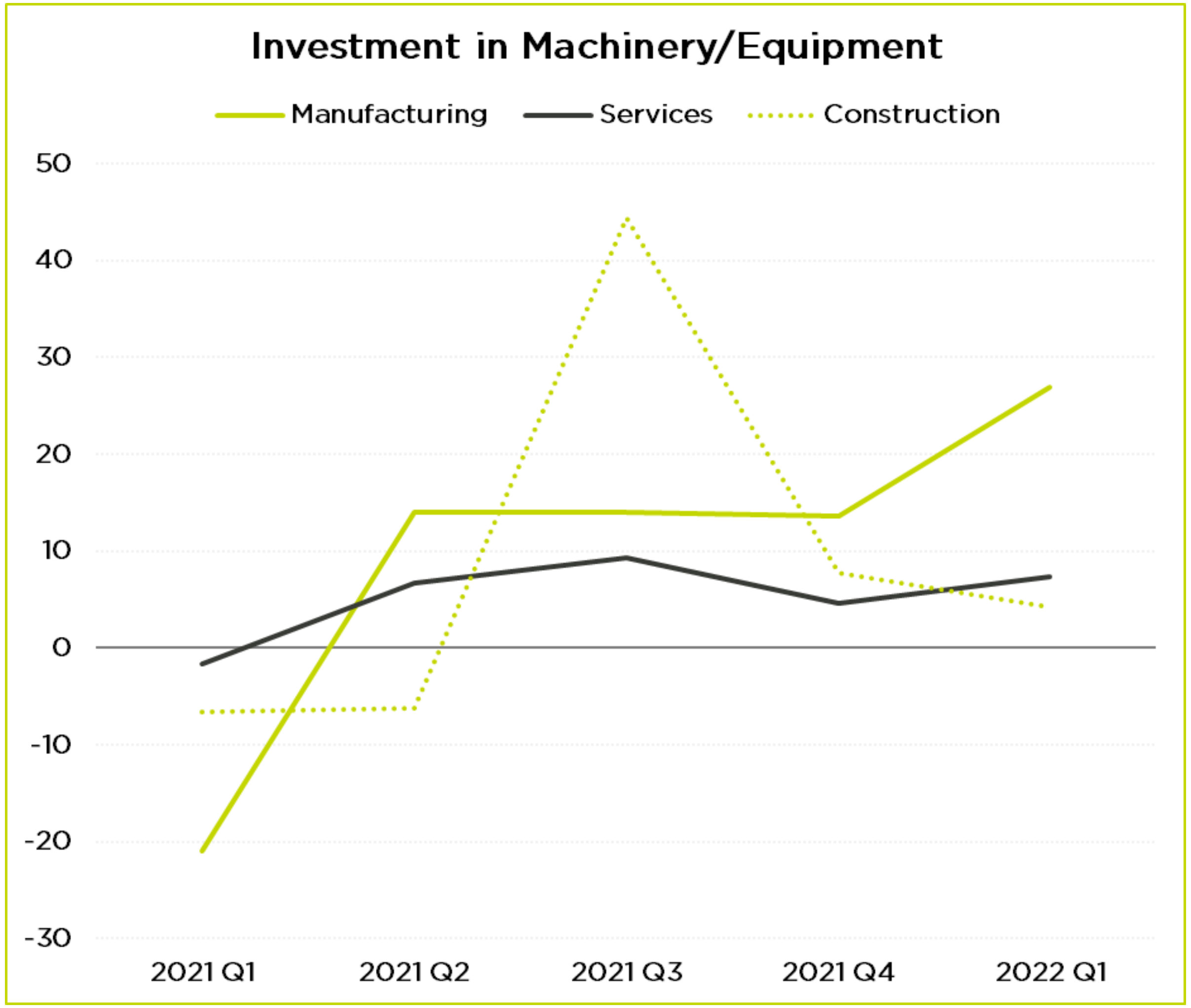



Source: GMCC QES




Source: GMCC QES

# QES Business Investment

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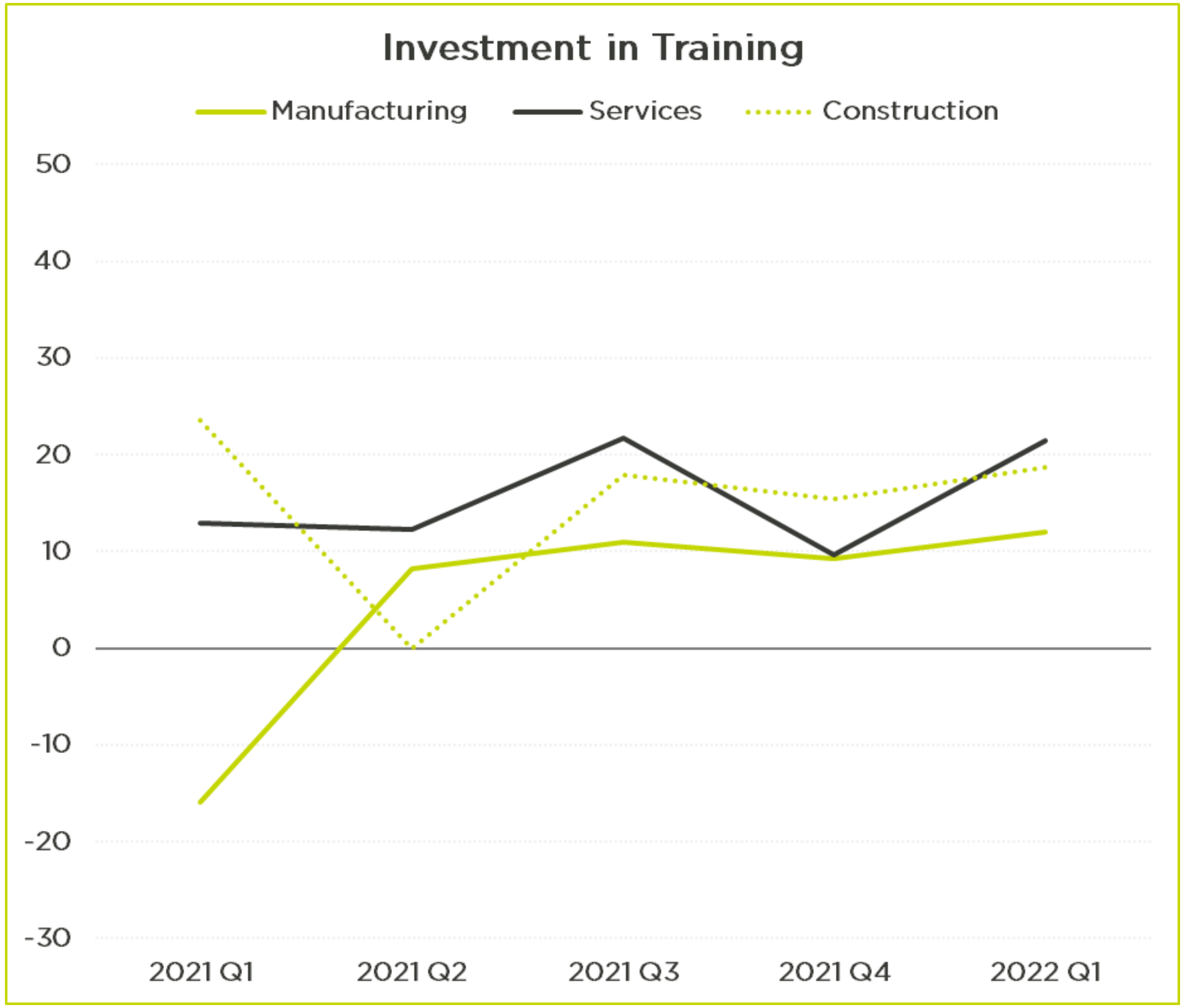
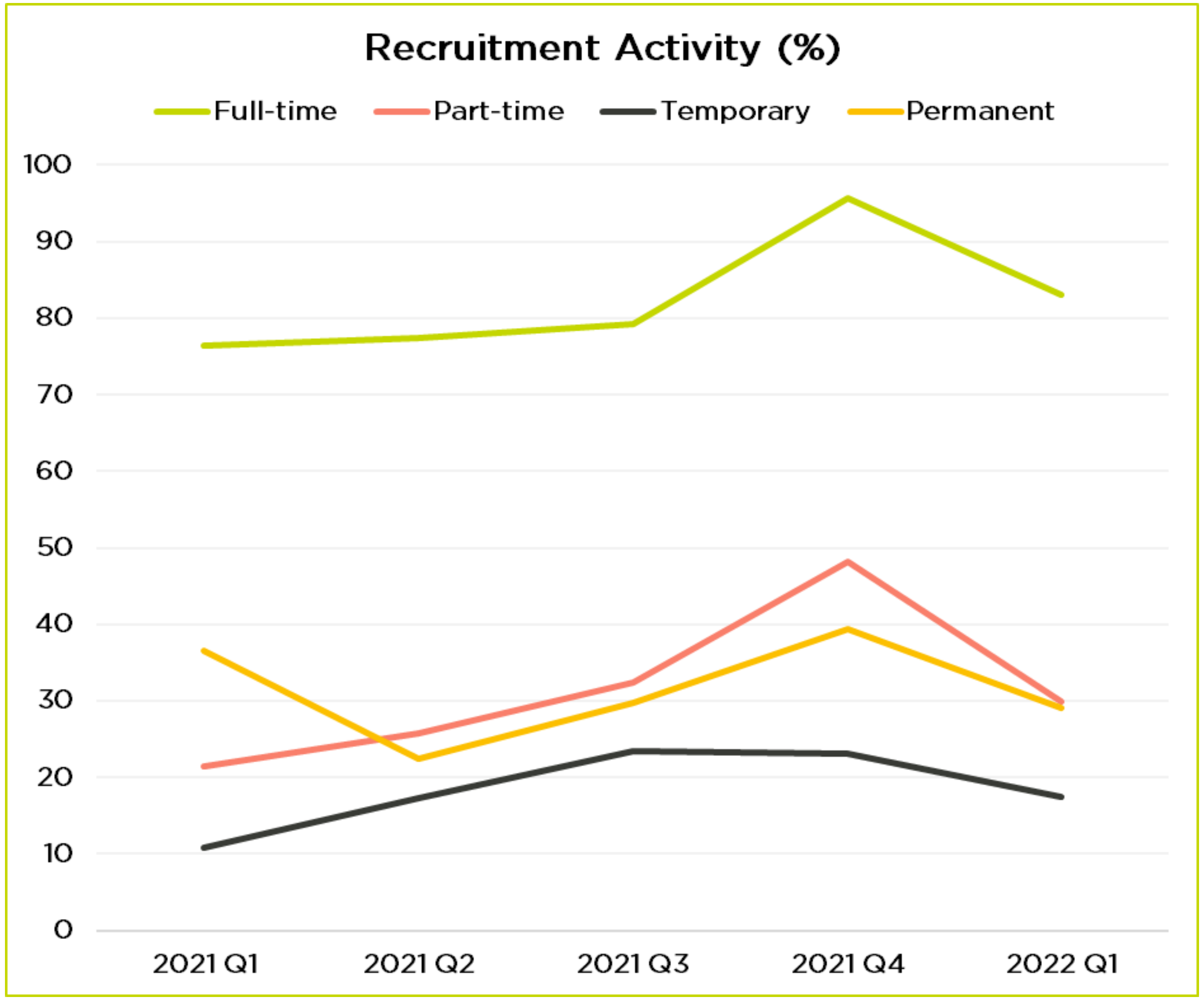



Source: GMCC QES

# QES Workforce Data

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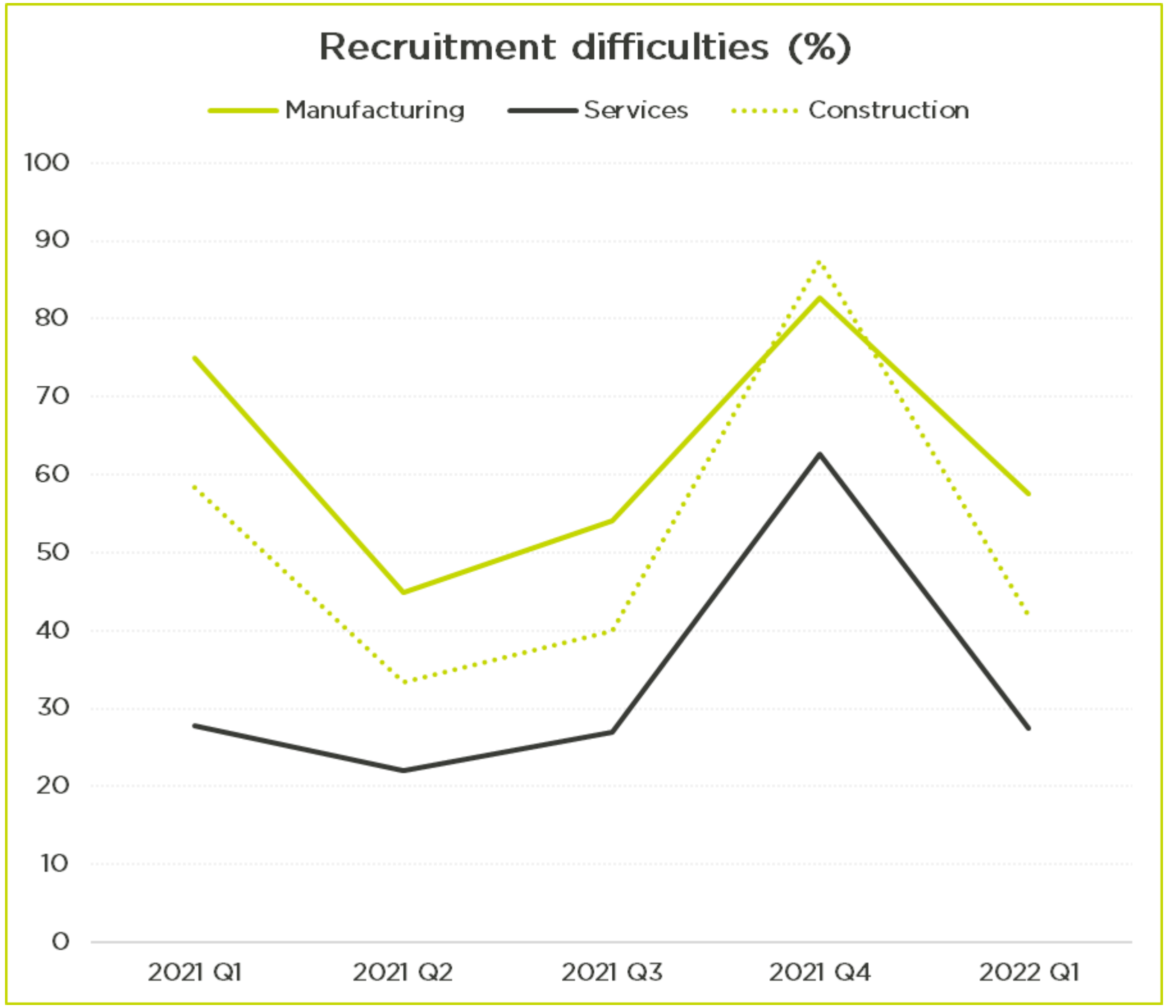
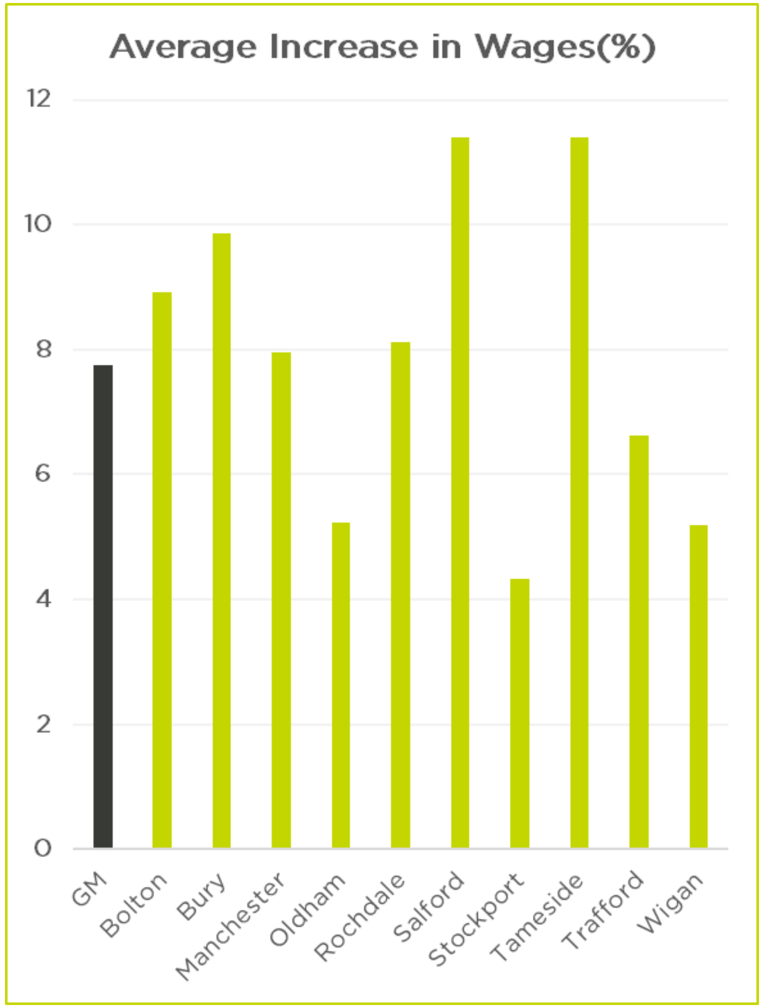



Source: GMCC QES

# QES Wage Inflation & Real Living Wage

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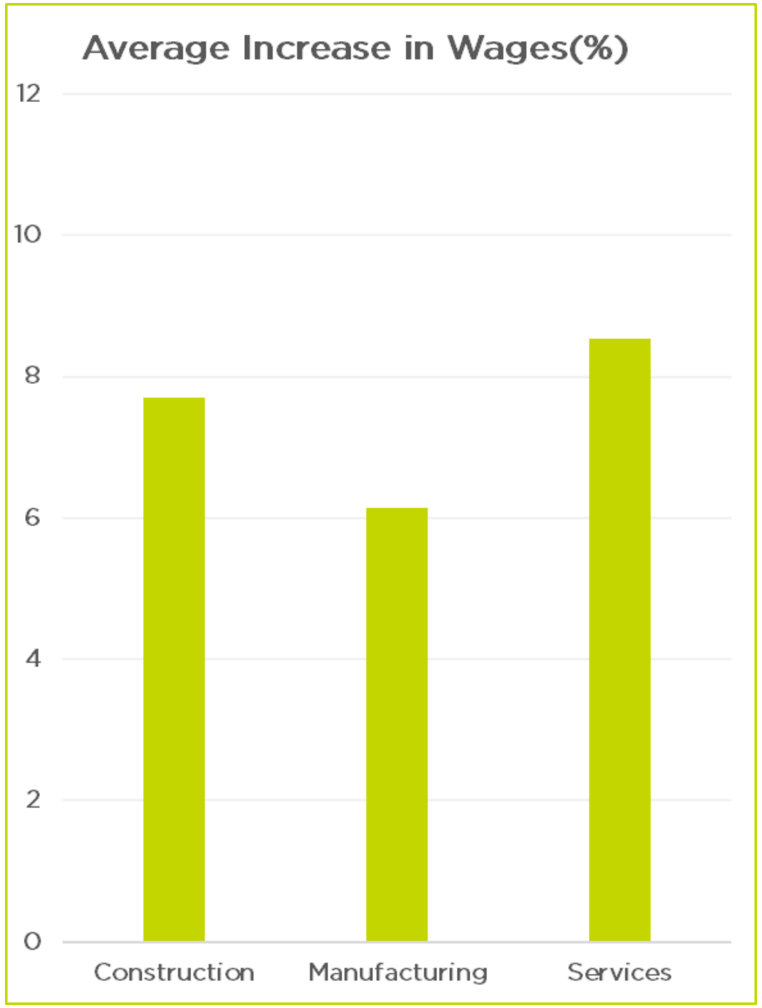


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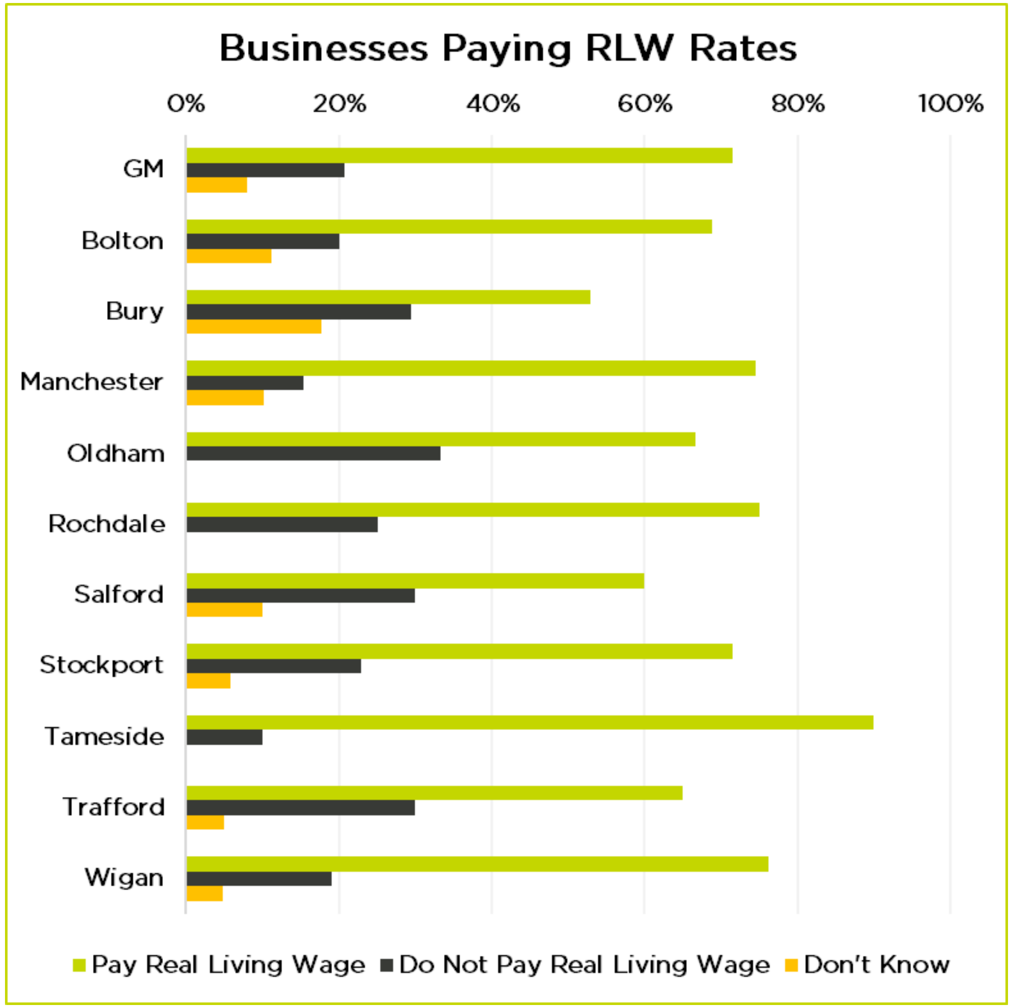
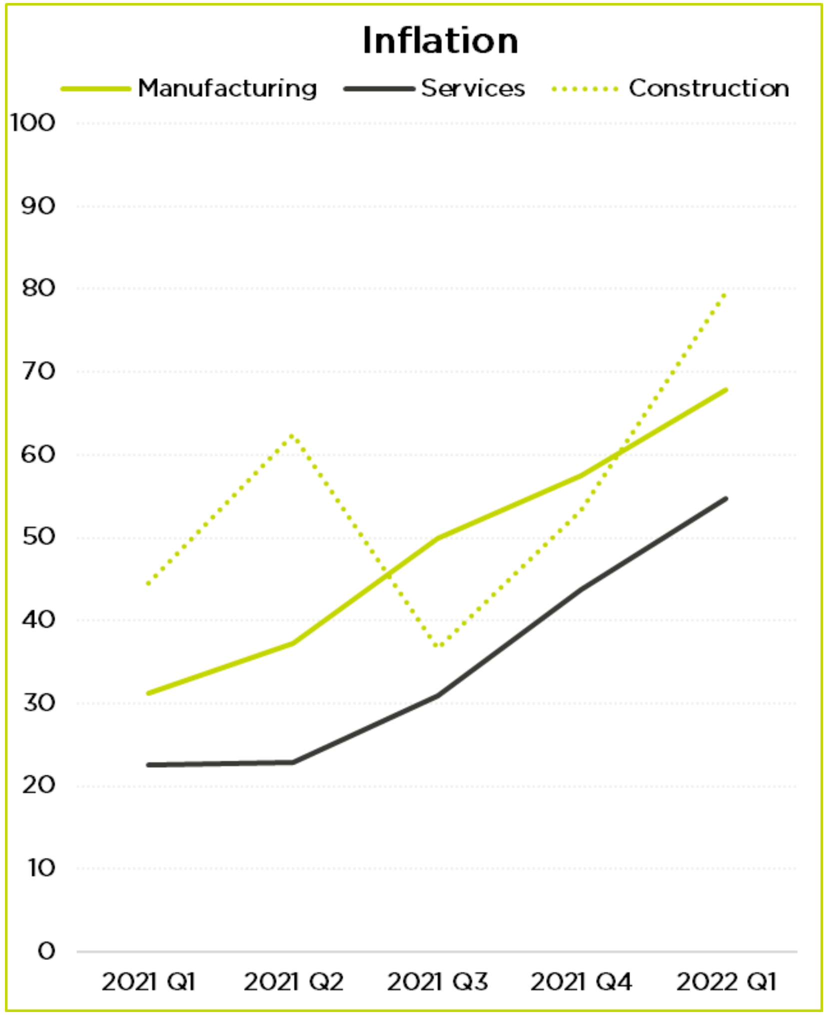
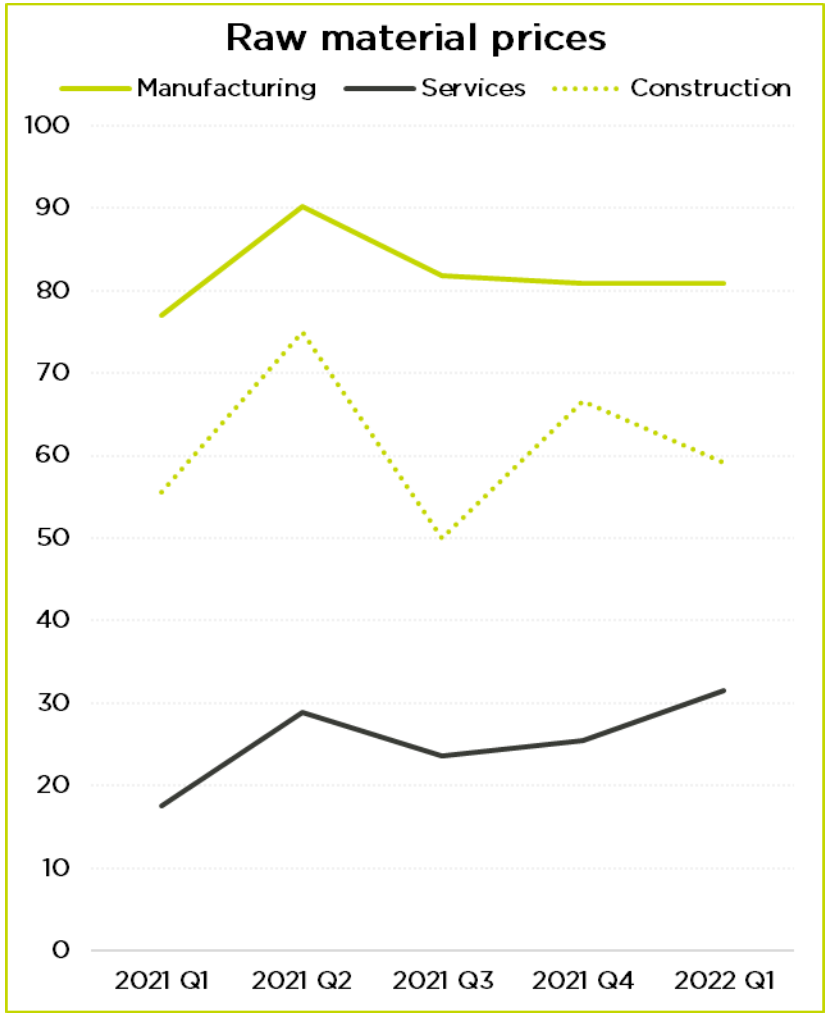
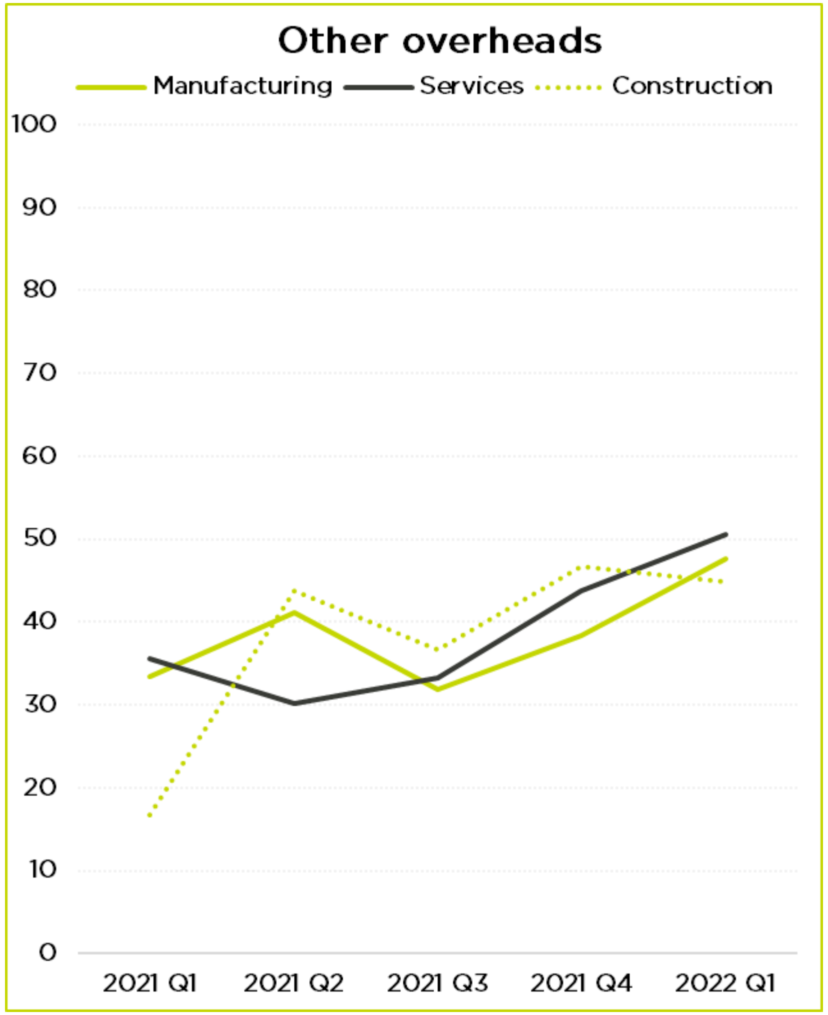


# QES –Inflationary Pressures




Source: GMCC QES

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# Summary

- Q1 results show further stabilisation/plateauing in many indicators
- Inflation remains a major worry and is projected to outpace wage growth
- Enhanced NI contributions will increase cost of employment
- Business investment has not rebounded and remains constrained by cash flow pressures
- For sustained growth business investment needs to be unlocked
- GDP growth forecast for 2022 is 3.6% reflecting expected deterioration in consumer spending

# Q&A / Discussion